

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4509
ANSWERED ON:19.12.2014
KISAN VIKAS PATRA
Ahmed Shri Sultan ;Jayadevan Shri C. N.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Kisan Vikas Patra (KVP) as introduced is not attractive saving scheme compared to returns on Fixed Deposit and Public Provident Fund;
- (b) if so, the details thereof and the action proposes to take KVP more attractive as compared to other small savings products;
- (c) whether Government has any proposal to tax benefit on KVP, if so, the details thereof, along with the mechanism adopted to prevent investment of black money through KVP;
- (d) whether public/private sector banks are permitted to sell KVP; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: SHRI JAYANT SINHA:

(a)&(b): Sir, Government has formulated a number of schemes having different features for different segments of the saving population. Each of the available saving option has different features in terms of eligibility to invest, rate of interest, maturity period, lock-in-period, tax treatment, pledging facility, minimum & maximum ceilings, etc.

Main features of KVP, are:-

Amount invested in Kisan Vikas Patra doubles in 100 months at the present rate`s. The certificates can be purchased by an adult for himself or on behalf of a minor or to a minor. It can also be purchased jointly by two adults.

A certificate may be transferred from one person to another with consent in writing to an officer of the Post Office or Bank. Under the scheme the transferee has to be eligible to purchase the certificate. The certificate may be prematurely encashed any time after two years and a half from the date of purchase, in the event of death of holder or any holder in case of joint holder, on order of court of Law and forfeiture by a pledge.

(c): No Sir, there is no proposal to separately tax benefit on KVP. However, income on KVP would be taxable as per existing provisions. Investor will have to undergo Know Your Customer (KYC) modalities at the time of application. In the case of transfer of KVP from one customer to another, a request has to be made in writing to an officer of the Post Office or Bank and the transferee has to be eligible to purchase KVP certification in the first instance.

(d)&(e): Kisan Vikas Patra (KVP) has been re-introduced and is available in Post Offices. In future KVP will be available in banks which are/will be authorised for handling small savings schemes.